

Orientation Information

Distributors, Linked Bingo Prize Providers, and their Representatives

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The material provided in this document is intended to assist licensed distributors, linked bingo prize providers, and any representatives who work for these licensees to understand the rules and laws that govern the activity in which they are involved.

To test your understanding of the activity, we have provided some frequently asked questions at the beginning of the document, followed by a selection of the specific rules governing their activity. The information in this document is meant to reflect but not replace reliance on the rules manual supplied by the Gambling Commission. (Please note the date at the bottom of each page as it reflects the last time the document was updated.)

I. Frequently Asked Questions/Violations

1. **If I am a distributor and am providing a loan or lease agreement to a licensee directly for gambling equipment, do I have to get a service supplier license?**
Yes, you need to obtain a services supplier license *prior* to providing any loan or lease directly for gambling equipment(see 230-02-205) Examples of this would providing a loan which is intended directly for the purchase of card tables. Your distributor license does not allow you to provide a loan or lease agreement to licensees.
2. **Am I allowed to possess gambling equipment prior to receiving my license as either a distributor or services supplier?**
No, you may not possess any equipment until you have received your gambling license.
3. **Is there a limit to the responsibilities I can take on as a distributor for a licensee?**
Per 230-04-119(5), you may not take ultimate responsibility for a gambling activity. An example of this would be signing contracts that would obligate the licensed operator.

4. Can I be a distributor representative and represent more than one distributor at the same time?

No. See 230-04-124 for details.

5. I filed all my financial information with the commission when I originally obtained my license. Do I have to tell the commission about any loans I obtain after I receive my license that I did not originally disclose?

Per 230-12-305, you are required to submit any changes in the documents you have submitted or information on file with the commission. All loans, capital contributions, or draws from lines of credit from other than a recognized financial institution that individually or collectively exceed a total of \$10,000 during a calendar year must be reported with your quarterly activity report. If you do not file a quarterly report, you must file this information within 60 days of the transaction date.

NOTE: Distributor or service supplier representatives are not required to file financial statements when they are licensed, so they are not required to report any loans after they have been licensed.

6. Are there any other changes I need to notify the Commission of after I receive my license?

You need to notify the Commission of any changes of location, management, ownership, criminal or civil violations, etc. (See 230-04-310, 230-04-320, 230-04-330, 230-04-340 and 230-04-350.)

7. What are the guidelines for pricing gambling products?

Review 230-12-330 and 340 for specifics.

8. I know there are specific rules about discriminatory pricing. Does that mean I can't offer discounts or incentives to my customers?

You may offer discounts at any time; however, the discount has to be available to everyone who is willing to meet the discount criteria, not just select customers.

For example, a distributor's representative could offer a discount for purchasing a certain number of pull tab games at a time as long as all other customers had the same opportunity for the discount under the same terms.

However, distributors and services suppliers cannot offer an incentive such as one free month along with a lease agreement, even if it is offered to everyone because there is a specific rule prohibiting offering a gift, free merchandise or service (WAC 230-12-320(1)(2)). See #9 below for specifics on what may be offered as a promotion.

9. What are the rules about offering or accepting promotions and gifts?

Manufacturers may provide promotional merchandise to **licensed operators** as long as the items:

- ❖ Are valued at no more than \$15 per item;
- ❖ Specifically promote the manufacturer or a particular product line;
- ❖ Such promotions are not based on past sales or a level of business; and
- ❖ These promotions may not be contingent upon the purchase of more than one case of a specific product.

Manufacturers may provide merchandise, entertainment and travel to **distributors** as long as:

- ❖ Merchandise is valued at no more than \$25 per item;
- ❖ The total amount of merchandise and services offered to a distributor and employees shall not exceed a collective value of \$1,000 during any calendar year;
- ❖ When offering entertainment or meals, a person associated with the manufacturer is present (i.e. president, owner, mfg. Representative) and the event takes place within the state of Washington;
- ❖ The total amount of entertainment cannot exceed a collective value of \$1,000 in a calendar year
- ❖ Trips to a factory location including transportation, lodging, and meals may be provided to distributors once each calendar year.

10. Are there any records that must be maintained for these promotions or gifts?

Records must contain the following:

- ❖ Product being promoted;
- ❖ Name of the licensed distributor and person directly or indirectly benefiting
- ❖ ;Value of gift or service provided (based on cost to manufacturer)
- ❖ Date, place, and person who authorized the promotion.

11. May an operator accept a gift from a manufacturer or distributor?

Operators may not accept or offer a gift to or solicit a gift from other licensees, except for certain promotional activities between operators and distributors and /or manufacturers or between manufacturers and distributors that have been authorized.

Manufacturers may loan equipment to a **distributor or operator** only in the following instances:

- ❖ To a distributor for displaying the manufacturer's products subject to limitations;
- ❖ To a licensed distributor or operator for training of employees (once per calendar year);
- ❖ For use as a replacement by a licensed operator while awaiting delivery of a product that has been purchased, leased, or removed for repair
- ❖ .All equipment loans are limited to ninety days per loan.

Records are required to be kept by the licensee who offers the gift.

12. I am a distributors representative and have been told I cannot do any card room employee duties without obtaining a CRE license. What are the duties of a Card Room Employee so I know what I cannot do without a license?

230-02-415 Card Room Employee

A card room employee is any person who is involved in the operation of social card games when the games involve the collection of fees. A person who performs at least any of the following functions shall be designated as card room employee:

- Collecting fees
- Dealing
- Supervising: Pit Boss, Floor Person, etc.
- Cashier: Selling and Redeeming Chips
- Surveillance and Security
- Accounting of card room funds
- Controlling keys to secure areas
- Game starters

If you were to perform any of these functions while you were in a card room, you would be acting outside the scope of your services supplier license.

13. What is the process for accepting defective games back from an operator?

Operators are instructed to use the following procedures for games that have been opened and found to be defective:

- If the defect is noticeable upon opening, do not put the game into play. Since the game has been opened, however, you should record it on your monthly income summary. Indicate zero receipts and note that the game was returned to the distributor as defective.
- If the defect is noticed during play, pull the game from play, reconcile it, and record it on your monthly records.
- Call a Gambling Commission Agent. He/she will complete a Quality Control Report. It is recommended you call the Gambling Commission rather than notify your distributor.
- Once you have received the Quality Control Report from the Gambling Commission, retain one copy for your records and send the other copy, along with the entire game, back to the distributor.
- Note that the game was returned and the date on the original invoice.

Games that have not been opened and are known to be defective (for example recalled games) may be returned to the distributor without a Quality Control Report.

14. What are the rules for creating merchandise boards for operators?

Refer to WAC 230-30-080 and –30-106 for specific rules about valuing the prize and creating a substitute flare. Also, at the back of this handout is a handy reference guide for marking up merchandise prizes. The basics are:

- Merchandise prizes cannot exceed a cost of \$750.
- For the purposes of determining the 60% payout, merchandise is valued at its cost plus 50%. This cost plus mark up is referred to as the “retail value.” The cost plus mark up shall not exceed \$750.

- For merchandise games made by distributors or operators, at least 50% of the prizes offered must be merchandise.

Games that contain merchandise must utilize tabs with numbers (rather than symbols) to denote winners. The winning numbers on the substitute flare shall be selected from the winning numbers on the flare made by the manufacturer. Prizes must be assigned to the winning numbers consecutively, starting with the highest value prize being assigned the lowest available winning number.

15. Are there special rules for creating a coin board?

Coin boards are pull tab games with a flare that contains numismatic or collector coins as prizes. The type of coin it is and who put the game together determines the valuation of each coin. Distributors and operators may make their own coin board flares, utilizing the substitute flare and merchandise requirements. Distributors and operators cannot alter coin boards sold by manufacturers.

16. What is the information that must be on an invoice?

See 230-08-025 and –040 for specifics and see an example of an invoice at the back of this handout. The basics are as follows:

The transfer of gambling equipment must be documented on an invoice or credit memo. When licensed operators purchase any goods or services (punchboards, pull tabs, dispensing devices, merchandise prizes, or repair services) from a licensed distributor, one copy of an invoice will be issued and will contain at least the following information:

- Date of sale. If the delivery date is different, both dates must be included on the invoice. It is recommended that licensees verify the dates are correct when the product is delivered.
- Operator's name and adequate address (at least city).
- Full description of items sold including trade name, type of device, form number, tab count, and the WSGC ID Stamp number.
- Quantity and price of each individual item.
- Gross amount of each sale, including discount terms and the total dollar amount of any discount.
- Credit memos for returned items shall be prepared in the same detail as listed above.

17. If I give an operator advice that causes the operator to be charged with a violation, can I also be charged?

It will depend on the circumstances and the outcome of the investigation; however RCW 9.46.185 does allow the Commission to charge “any person who knowingly causes, aids, abets, or conspires with any person to violate any rule or regulation...shall be guilty of a gross misdemeanor.” An example of this violation would be advising operators of winning patterns in pull tab games. In addition to losing your gambling license, you could also be criminally prosecuted for doing this or anything similar.

Definitions

WAC 230-02-207	Linked bingo prize provider defined
WAC 230-02-208	Punchboard and pull tab service businesses
WAC 230-02-210	Distributor defined
WAC 230-02-218	Linked bingo prize provider representative defined
WAC 230-02-220	Distributor's representative defined
WAC 230-02-250	Bingo equipment
WAC 230-02-255	Linked bingo prize defined
WAC 230-02-260	Pull-tab defined
WAC 230-02-270	Punch board defined
WAC 230-02-412	Gambling Equipment Defined

WAC 230-02-207 Linked bingo prize provider defined. A "linked bingo prize provider" is any person who provides bingo licensees the means to link bingo prizes. This person may provide the licensees equipment, linked bingo prize management, and distribute necessary gambling equipment and supplies.

A "linked bingo prize provider" is not a "distributor" if the only gambling equipment and supplies they furnish to bingo operators is to be used exclusively for bingo games that are played to win the linked bingo prize.

In no circumstances may a linked bingo prize provider assume ultimate responsibility for an operator's bingo game operation.

WAC 230-02-208 Punchboard and pull tab service businesses

Punchboard and pull tab service businesses provide record keeping services to operators for compensation. These services include reconciling played games (sales, prizes, over/short, etc.); completing monthly records, quarterly activity reports, or other mandated records; and storing games removed from play.

Punchboard and pull tab service businesses are required to obtain a permit from the commission before performing the services mentioned above. See WAC 230-04-133 for details. If gross billings exceed \$20,000 per year or management or consulting services are provided, a license rather than a permit is required.

WAC 230-02-210 Distributor defined.

A "distributor" is any person who purchases or otherwise obtains a completed piece of equipment for use in authorized gambling activities, including but not limited to punch boards or pull-tabs, from any person and sells or otherwise furnishes such equipment, with or without merchandise to be awarded as prizes in connection therewith, to another person for the resale of or the display or operation of that equipment. A manufacturer who sells or otherwise furnishes such equipment not manufactured by him to any other person for resale or for display or operation of that equipment is also a "distributor."

As used in these rules, the term "distributor" shall include a person who services and repairs pull-tab dispensing devices, bingo equipment, or any other authorized gambling equipment and makes no addition, modification or alteration of the device.

The term "distributor" does not include persons that perform routine maintenance, such as lubrication, cleaning, replacement of electrical fuses or bulbs, or other activities that are not directly related to the operation of the equipment.

Distributors and manufacturers are not allowed to perform these services, either for compensation or for free.

WAC 230-02-218 Linked bingo prize provider representative defined. A "linked bingo prize provider representative" is any natural person who represents a "linked bingo prize provider" in any of their activities in connection with the management of a linked bingo prize game or distribution of linked bingo prize game supplies.

WAC 230-02-220 Distributor's representative defined.

A "distributor's representative" is any natural person who represents a distributor in any of his activities in connection with the sale or furnishing of equipment for use in authorized gambling activities, including but not limited to punch boards and pull-tabs.

WAC 230-02-250 Bingo equipment. Bingo equipment includes all equipment that is actually used, made for use, or sold for the purpose of use, in bingo games for which consideration is charged to participate and prizes are awarded to winners. Bingo equipment includes, but is not limited to:

- (1) Blowers or other devices from which balls are mixed and randomly withdrawn to determine the letters and numbers to be called;
 - (2) Reusable and disposable bingo cards;
 - (3) Electronic flashboards that interface with the mixing and selection device;
 - (4) Electronic bingo card daubers, including software or equipment interfaced with such;
- and
- (5) Any other device commonly used in the direct operation of the game: Provided, That general purpose equipment and supplies that are only indirectly involved in the conduct of the game shall not be deemed bingo equipment. The following equipment and supplies will not be deemed bingo equipment for purposes of this title:
 - (a) Tables, chairs, or card stands;
 - (b) Audio or video equipment used only to communicate progress of the game to players;
 - (c) Computer or cash register equipment used to record sales or act as a storage medium for records;
 - (d) General supplies, such as glue sticks, daubers, and other items for resale to players;
- and
- (e) Bingo games manufactured and sold for recreational purposes.

WAC 230-02-255 Linked bingo prize defined. A linked bingo prize is a prize that is awarded to a player who is competing against players from multiple participating licensed bingo halls. Categories of prizes include:

- (1) The main prize, which is the prize paid each time the game is played to the first verified winner(s);
- (2) The consolation prize, which is the prize paid at each participating licensed bingo hall after the main prize has been determined; and
- (3) The bonus prize, which is a prize awarded when a player achieves the winning pattern in a predetermined number of calls or on a specific predetermined number.

WAC 230-02-260 Pull-tab defined. A "pull-tab" is a single folded or banded ticket or is a card, the face of which is initially covered or otherwise hidden from view to conceal a number, symbol or set of symbols, a few of which numbers or symbols out of every set of

pull-tabs have been designated in advance and at random as prize winners, when, for the opportunity to obtain each such folded or banded ticket or card, view the numbers or symbols thereon and possibly obtain a prize winning pull-tab, a person pays some consideration to an operator.

WAC 230-02-270 Punch board defined. "Punch board" means a board or device containing a number of receptacles of uniform size in which are placed, at random, punches (slips of paper or other substance, imprinted with numbers or symbols) and which:

- (1) A specific serial number is assigned to the punch board and printed on each punch;
- (2) A flare or face sheet covers the receptacles and sets out the winning numbers or symbols and prizes which may be won;
- (3) Upon the payment of consideration, a player may select and remove a punch from a receptacle; and
- (4) A prize is awarded if the number or symbol, set out on the selected punch, matches a symbol on the flare or face sheet.

WAC 230-02-412 Gambling Equipment Defined

Any device, expendable supply, or any other paraphernalia used in conjunction with or facilitate gambling. Card room gambling equipment includes but is not limited to:

- Gaming chips or checks
 - Cards
 - Card shuffling devices
 - Game layouts
 - Ace finders
 - Gaming tables
 - Accounting systems - Bet totalizers or Progressive jackpot meters
- Exemptions: Equipment operated under license classes A, B, C, and D may not be considered gambling equipment.

III. General Information for all Licensees

RCW 9.46.153(3)	<u>Licensee Responsibilities Regarding Illegal Activities</u>
RCW 9.46.0269&220-222	<u>Professional Gambling</u>
WAC 230-04-022	<u>Certification procedure -- Information required from all applicants.</u>
WAC 230-04-124	<u>Licensing of manufacturer, distributor, gambling service supplier, and linked bingo prize provider representatives -- Exceptions.</u>
WAC 230-04-125	<u>Distributor or gambling services supplier representative license -- Restrictions and procedures for changing employment.</u>
WAC 230-04-310	<u>Change of Name</u>
WAC 230-04-330	<u>Change of Management</u>
WAC 230-12-210	<u>Prices charged by manufacturers, distributors and operators for goods and services not to be fixed by agreement.</u>
WAC 230-12-225	<u>Repair or service not to be conditioned upon exclusive supply arrangement.</u>
WAC 230-12-230	<u>Agreements restricting freedom to buy and sell -- Prohibited.</u>
WAC 230-12-250	<u>No division of territories allowed.</u>
WAC 230-12-305	<u>Report Leases, Agreements, and Loans in Excess of \$2,000</u>
WAC 230-12-310	<u>Civil and/or Criminal Suits</u>
WAC 230-12-320	<u>Manufacture and distribution of gambling equipment and services -- Prohibited practices -- Gifts, promotional activities, and loans -- Exceptions</u>
WAC 230-12-330	<u>Availability of gambling equipment and related products and services-- Prices--Contracts--Discounts--Restrictions -- Exceptions.</u>
WAC 230-12-335	<u>Control of Gambling Equipment</u>

CRIMINAL VIOLATIONS/ILLEGAL ACTIVITIES

The following are laws contained in the Revised Code Of Washington (RCW). Violations of these statutes may lead to criminal proceedings as well as loss of the gambling license(s) held by any licensee.

If a distributor, services supplier or licensed representatives is charged with any of these crimes, their gambling license will also be in jeopardy, even if the illegal activity did not occur during the course of their regular duties.

RCW 9.46.153(3) Licensee Responsibilities Regarding Illegal Activities

Licensees, managers, and employees must notify the Gambling Commission if they suspect illegal gambling activity may be occurring on or off the premises. If a licensee, manager, or employee knows an illegal activity is being conducted and fails to notify the Commission and/or the appropriate law enforcement agency, the person risks losing his or her gambling license.

RCW 9.46.0269 & 9.46.220-222 Professional Gambling

The solicitation of players for after-hours, illegal card games or allowing a bookmaking operation to be conducted on the premises is professional gambling. Licensees who allow any unauthorized or illegal activity to occur on their premises are aiding and abetting professional gambling. Operators, managers, and employees have an affirmative duty to ensure that their establishments are not used for the conduct of illegal activities or to solicit participants for illegal activities.

NOTE:	In addition to the responsibilities cited above concerning information and/or involvement in illegal <u>gambling</u> activities, operators and licensed gambling employees are reminded that involvement in or knowledge of other types of illegal activity can also be grounds for suspension or revocation of a gambling license.
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WAC 230-04-022 Certification procedure -- Information required from all applicants.

In addition to other information required by the commission, each applicant shall provide the following information on or attached to the application:

Articles of incorporation and bylaws.

(1) Copy of corporate applicants' articles of incorporation and bylaws; or, if not a corporation, a copy of any bylaws and other documents which set out the organizational structure and purposes of the organization;

Lease or rental agreements.

(3) Details and copies of all lease or rental arrangements, whether oral or written, between the applicant and the owner of premises upon which the gambling activity will be conducted, if such premises are leased or rented;

Franchise agreements.

(4) Details and copies of any and all franchise agreements or other agreements, whether written or oral, if any, between the applicant and distributors or manufacturers of equipment or between the applicant and any other person where those agreements relate to gambling activities or gambling equipment;

Management agreements.

(5) Details and copies of all proposed management agreements or contracts between the applicant and any gambling service supplier involved in providing services defined in WAC [230-02-205](#). All such agreements or contracts shall be reviewed by commission staff prior to the effective dates of the agreements to assure compliance with this title. No financing or management services shall be provided prior to commission approval of the contracts;

Paid employees or agents.

(6) The name, address, date of birth, and Social Security number of each paid employee or agent who will work in the activity for which the license is sought and a schedule of the proposed number of employees, job descriptions, and a proposed pay schedule;

Substantial interest holders.

(7) Sufficient personal information to ensure each substantial interest holder as defined by WAC [230-02-300](#) is qualified to hold a license or participate in a licensed or authorized gambling activity;

Report changes to application.

(8) If any information required on the application, changes or becomes inaccurate in any way, the commission shall be notified prior to issuance of a license. Failure to notify the commission of any changes affecting an application may constitute grounds for suspension or revocation of all licenses.

WAC 230-04-124 Licensing of manufacturer, distributor, gambling service supplier, and linked bingo prize provider representatives -- Exceptions.

Except as allowed by this section, all individuals representing or acting as an agent of a licensed manufacturer, distributor, gambling service supplier or linked bingo prize provider shall be licensed by the commission prior to selling, promoting or providing any person gambling equipment, paraphernalia or related services. This includes individuals that manage or supervise individuals selling, promoting, or providing products or services for which a license is required. A licensed manufacturer, distributor, gambling service supplier or linked bingo prize provider shall not allow an unlicensed person to represent them in transactions restricted by this section and shall take all measures necessary to prevent an unlicensed person from doing so. The following restrictions, procedures and exceptions apply to representative licenses:

Exceptions - representative license not required.

(1) The following individuals do not require a separate representative's license:

(a) A sole owner, partner, major officer or board member and/or owner of a substantial interest in an entity;

(b) Office, clerical or warehouse personnel who have contact with customers or potential customers only by telephone at the manufacturer's, distributor's, gambling service supplier's, or linked bingo prize provider's own premises when working under the immediate and direct supervision of an owner, partner, major officer, or a licensed manager or supervisor; and

(c) Resident agents required by WAC [230-12-300](#) when such agents are not involved in selling or providing products or services for which a license is required.

Signature of employer required.

(2) The manufacturer, distributor, gambling service supplier, or linked bingo prize provider for which the representative will work shall sign the application acknowledging that the applicant will be representing them with their full knowledge and consent.

Requirements.

(3) An applicant for a license as a distributor representative, gambling service supplier representative, or linked bingo prize provider representative shall:

Training.

(a) Complete a training course for any activity being managed, as required and provided by the commission within thirty days after the first day worked; and

Represent only one employer at a time - exceptions.

(b) Represent only one licensed manufacturer, distributor, gambling service supplier, or linked bingo prize provider at a time and shall not represent a manufacturer: Provided, That this rule shall not prevent a licensed representative from representing a manufacturer, distributor, and/or linked bingo prize provider when all businesses are owned by the same person: Provided further, That this rule shall not bar the distributor's representative from representing his own distributor who is also licensed as a manufacturer.

Conflict of interest.

(4) If a licensed gambling service supplier representative has any interest in a licensed manufacturer or distributor and they provide services to any punch board, pull-tab, or bingo operator, they shall inform the commission, the operator, and the manufacturer or distributor of the relationship. Such manufacturer or distributor shall be prohibited from selling punch boards, pull-tabs, or disposable bingo cards to such operator.

WAC 230-04-125 Distributor or gambling services supplier representative license -- Restrictions and procedures for changing employment.

All licensed distributor or gambling services supplier representatives shall abide by the following restrictions and procedures when changing employers:

What happens if I leave the employment of the distributor or gambling services supplier I represent?

(1) In the event that a licensed distributor or gambling services supplier representative ceases to represent the distributor or gambling services supplier under which a license was granted for any reason, the representative shall immediately notify the commission. Upon termination of employment the license shall immediately become void and shall be returned to the commission.

What steps must I complete prior to beginning employment to represent another distributor or gambling services supplier?

(2) Prior to beginning employment to represent any other distributor or gambling services supplier, a previously licensed distributor or gambling services supplier representative shall submit a new application. The application shall include a statement that the previous employer has been notified of the change in employment and shall be signed by the distributor or gambling services supplier wishing to employ the distributor or gambling services supplier representative.

Can I begin to represent my new employer prior to receiving my license?

(3) A previously licensed distributor or gambling services supplier representative shall not represent a new employer prior to receiving a license from the commission. Prior to granting a license to a previously licensed individual, the commission may conduct an investigation to determine the continued qualification of the individual. Such investigation may include inquiries to the previous employer.

What is the fee for obtaining a license to represent another distributor or gambling services supplier?

(4) The fee for a license to represent a different distributor or gambling services supplier shall be the same as a license renewal, as set forth in WAC [230-04-204](#). The expiration date for such license shall be as set forth in WAC [230-04-190](#).

WAC 230-04-310 Change of Name

No licensee shall change their trade or corporate name without notifying the Commission at least thirty (30) days prior to the effective date of such change. The Commission shall approve such changes.

WAC 230-04-330 Change of Management

If there is a change of a substantial interest holder (see WAC 230-02-300), the license may be voided. See WAC 230-04-340 for conditions that allow a transfer of a license.

WAC 230-12-210 Prices charged by manufacturers, distributors and operators for goods and services not to be fixed by agreement.

No manufacturer, distributor or operator shall by agreement, either express or otherwise, with any other manufacturer, distributor or operator, fix the price at which any device, paraphernalia, machine, equipment, punch board or pull-tab, prize or any other item used in connection with any of the activities authorized by chapter [9.46](#) RCW, as now or hereafter amended, shall be sold, or for which services in connection therewith shall be rendered. The price of these items in the competitive market place shall be established by each manufacturer, distributor or operator for the products and services offered by each and shall not be established, directly or indirectly, in concert with one another.

WAC 230-12-225 Repair or service not to be conditioned upon exclusive supply arrangement.

No licensed manufacturer, distributor, or gambling services supplier shall condition repair or service of any device or product upon an agreement by any person to purchase or obtain products or services solely from such manufacturer, distributor, or gambling services supplier or solely from any other person or combination of persons: Provided, That routine maintenance agreements shall not be considered a violation of this section.

WAC 230-12-230 Agreements restricting freedom to buy and sell -- Prohibited.

(1) Except as provided in subsections (3), (4), (5), and (6) of this section, no person shall enter into any agreement, expressly or implied, with any other person which requires any person to purchase exclusively from, or sell exclusively to, any other person, or which prohibits any person from purchasing from or selling to any other person, any devices, materials, products, equipment or services which are used or offered in any way in connection with a gambling activity.

(2) No person shall enter into any agreement, express or implied, wherein any person is prohibited from, or required to, make purchases or sales only within a particular geographic area: Provided, That such agreements may be entered into between a licensee and its licensed representative.

(3) For amusement games, a person may enter into an agreement with another person for a period up to three years requiring such person to purchase exclusively from or sell exclusively to such other person, amusement games. The agreement may provide that it shall be automatically renewed for another three year period, or successive three year periods, if neither party gives termination notice of the agreement at least thirty days prior to its termination date.

(4) As related exclusively to amusement games, a person may enter into an agreement with another person for a period up to three years requiring such person to purchase exclusively from or sell exclusively to such other person, devices, materials, products, equipment, or services which are used in connection with a particular amusement game. The agreement may provide that it shall be automatically renewed for another three year period, or successive three year periods, if neither party gives termination notice of the agreement at least thirty days prior to its termination date.

(5) A licensed linked bingo prize provider may require a licensee to utilize particular bingo cards for conduct of a game with a linked bingo prize if such requirement is agreed to in a contract between a licensed linked bingo provider and licensed bingo operator, which is approved by the director.

(6) A linked bingo prize provider may enter into an exclusive agreement with a manufacturer to provide the bingo paper used in the linked bingo game.

WAC 230-12-250 No division of territories allowed.

No manufacturer or distributor shall make or have an agreement or understanding with any licensee that either of them shall be restricted in the operation and carrying on of business to a specific geographic area, or areas, and such a restriction shall not be a condition of any sales between a manufacturer or distributor and any other licensee: Provided, That this shall not prevent a distributor or manufacturer from assigning sales territories among its bona fide representatives.

WAC 230-12-305 Report Leases, Agreements, and Loans in Excess of \$2,000

Licensed operators are required to submit any information concerning loans from other than a recognized financial institution which individually or collectively exceed a total of \$2,000 during any calendar year. This includes loans from corporate officers and shareholders. The information should be submitted on the next quarterly report. Licensed operators must also submit all leases, rental, consignment, franchise, or other agreements relating to gambling activities or altering the commercial stimulant business.

WAC 230-12-310 Civil and/or Criminal Suits

The licensee will report to the Commission all civil or criminal actions (except for personal injury, debt collection, adoption, paternity, wage disputes, and non-criminal traffic infractions) filed by or against them (including the president, chief executive officer, chairman of the board, treasurer, partner, any

person holding a substantial interest (see WAC 230-02-300), or manager of the licensed activity). Licensees must also report the final disposition of each case.

Notification will be made within 30 days of the notice of the action filed or with the next quarterly activity report filed with the Commission, whichever is sooner.

WAC 230-12-320 Manufacture and distribution of gambling equipment and services -- Prohibited practices -- Gifts, promotional activities, and loans -- Exceptions.

Manufacturers and distributors shall not seek to control the distribution of gambling equipment, devices, related supplies or paraphernalia, or services by any means other than those authorized by this title. The following restrictions and procedures apply to the distribution of gambling equipment, devices, related supplies or paraphernalia, and services:

Can licensees offer gifts or similar items to other licensees?

(1) Other than promotional activities as authorized by this section, or trade account terms authorized by WAC [230-12-340](#), no licensee or employee thereof selling or offering to sell gambling products or services shall directly or indirectly provide or offer any gift, free merchandise or service, credit or loan of money, premium, or rebate to any person or employee thereof who is licensed to purchase or operate such.

Can licensees solicit gifts or similar items from other licensees?

(2) No licensed operator or distributor, or employee thereof, shall directly or indirectly solicit any gift, free merchandise or service, credit or loan of money, premium, or rebate from any licensed manufacturer or distributor, or employee thereof.

What types of activities are allowed for manufacturers to promote their goods or services with operators?

(3) Manufacturers may provide promotional merchandise of nominal value, such as tee shirts, caps, cups, pens, calendars, etc., to licensed operators, and operators shall be allowed to accept such, under the following guidelines:

(a) The cost of such promotions shall not exceed fifteen dollars in value per item. Each manufacturer is responsible for establishing the value of each type of promotional merchandise and shall maintain records supporting such;

(b) Each item shall promote the manufacturer or a specific product or line of products made by the manufacturer;

(c) Such promotions shall not be based on past sales or a level of business; and

(d) Such promotions may not be contingent on the purchase of more than one case of a specific product.

What types of activities are allowed for manufacturers to promote their goods or services with distributors?

(4) Manufacturers may provide promotional merchandise, entertainment, or travel to distributors, and distributors shall be allowed to accept such, under the following guidelines:

(a) Promotional merchandise and services, such as tee shirts, caps, pens, calendars, etc., may be provided to distributors if:

(i) The value is limited to twenty-five dollars for each individual item; and

(ii) The total amount of promotional merchandise and services offered to a distributor and employees thereof shall not exceed a collective value of one thousand dollars during any calendar year;

(b) Entertainment such as meals, recreational or sporting events, etc., may be provided to distributors, or employees thereof, if:

- (i) The distributor is accompanied by a licensed manufacturer's representative, owner, partner, officer, or substantial interest holder of a corporate licensee;
- (ii) The total amount of entertainment to a distributor and employees thereof shall not exceed a collective value of one thousand dollars during any calendar year;
- (iii) The entertainment is provided within the state of Washington; and
- (iv) Written documentation of the business purpose of the entertainment is maintained;
- (c) Trips to the factory location of a manufacturer, including transportation, meals, and lodging may be provided to distributors and/or their licensed representatives once each calendar year.

What additional requirements apply to authorized "promotional activities"?

(5) The following restrictions and procedures apply to promotional activities between manufacturers and distributors:

- (a) All "promotional activities" shall be directly related to promotion of the manufacturer's products and in no way related to past sales;
- (b) Promotional activities shall not include the direct or indirect transfer of cash, negotiable instruments, or cancellation or remittance of debts to a licensee or employee thereof. All costs related to "promotional activities" shall be initially paid for by the manufacturer rather than providing reimbursement to the distributor;
- (c) Manufacturers shall be responsible for maintaining detailed records for all "promotional activities" and making such records available to the commission upon request. These records shall include at least the following:
 - (i) The product or service being promoted;
 - (ii) The name of the licensed distributor and the name of any person directly or indirectly benefiting from a "promotional activity";
 - (iii) The value of any gift or service provided. The value shall be based on the cost to the manufacturer to provide such;
 - (iv) The date a "promotional activity" was provided;
 - (v) The place the "promotional activity" occurred, if applicable; and
 - (vi) The name of the owner, partner, officer, or other representative of the manufacturer who authorized the "promotional activity."

Can a manufacturer or distributor loan equipment to a distributor or operator?

(6) A manufacturer or distributor may loan gambling equipment to licensed distributors or operators subject to the following restrictions:

- (a) Equipment loans may be made for the following reasons:
 - (i) To a distributor for displaying the manufacturer's products, limited to one such loan, per product, per calendar year;
 - (ii) To a licensed distributor or operator for training of employees, limited to one such loan, per calendar year; or
 - (iii) For use as a replacement by a licensed operator while awaiting delivery of a product that has been purchased, leased, or removed for repair;
- (b) Equipment loans shall be limited to ninety days per loan.
- (7) This section shall not apply to transactions conducted with tribal governments operating class III casinos under tribal/state compacts or with management companies operating such casinos on the behalf of tribal governments.

WAC 230-12-330 Availability of gambling equipment and related products and services-- Prices--Contracts--Discounts--Restrictions -- Exceptions.

Manufacturers and distributors shall make their products and services available to all licensees without discrimination. Except as authorized by this section, gambling equipment, devices, related paraphernalia or supplies, and services shall be offered to any licensee wishing to purchase such, for

the same price and terms. The following restrictions, procedures, and exceptions apply to prices and terms related to sales of gambling-related products or services:

Pricing shall be consistent - exceptions.

(1) **Discriminatory prices are prohibited.** Prices are considered discriminatory when identical or similar items or services are offered to different persons for a different price or under different terms or conditions: Provided, That prices set under the following criteria shall not be considered discriminatory:

(a) **Prices that are established in advance** and available for review by the commission and customers prior to accepting a sales order utilizing such. For purposes of this section, prices are deemed to be established and available when they have been mailed or transmitted by facsimile to the commission at least forty-eight hours prior to completing sales transactions or accepting orders for products or services;

(b) **Separate and different price schedules** established by manufacturers or distributors for transactions conducted with licensees at different marketing levels when such prices are progressively lower at each marketing level above the operator level;

(c) **Prices that are based upon the delivery location** of an item or service. If the price of an item or service is based upon "free on board" (FOB) terms at a specific location, such price may be varied based upon delivery at a different location, if such is justified by objective evidence. The burden of proof regarding such price differentiation is borne by the seller. Such prices are subject to all other requirements of this section; and

(d) **Short-term price reductions or "sales"** by manufacturers or distributors are authorized when every licensee is afforded an opportunity to participate. For purposes of this section licensees will be deemed to have been afforded an opportunity to participate when:

(i) All prices and terms are clearly posted at all sales outlets for the benefit of operators and provided to all customers serviced by mobile sales representatives;

(ii) Manufacturers provide full details of the sale to all licensed distributors, including prices and terms, at least forty-eight hours prior to accepting orders for products or services being offered at a sale price. Such notice shall be by mail or telephone facsimile; and

(iii) Any limitations or conditions of the sale are clearly stated in advertisements or notices for such sale.

Contracts restricting sales not allowed.

(2) Except as set forth in WAC [230-12-230](#), licensees shall not enter into contracts that directly or indirectly restrict the distribution or use of gambling equipment, devices, paraphernalia, supplies, or services: Provided, That holders of proprietary rights to products or services that have been gained through patents, copyrights, trademarks, or other similar rights bestowed by state or federal law or by courts shall be allowed to enter into license agreements with manufacturers that restrict the ability to manufacture or distribute products or services if all other requirements of this section are met. The following transactions are prohibited:

(a) An operator or distributor shall not agree to deal in, purchase, sell, lease, or operate any particular brand or brands of gambling device or equipment to the exclusion of any other brand of gambling device or equipment;

(b) A manufacturer or distributor, or licensed representative or employee thereof, shall not sell or offer to sell, lease, or loan any gambling-related product, service, or merchandise if such is contingent upon the purchase or order of another product, service, or merchandise; and

(c) Except as set forth in this subsection, no person shall enter into any agreement, express or implied, that prohibits a person from selling or providing any gambling-related product or service within a particular geographic area: Provided, That -

(i) Licensed manufacturers, distributors, and service suppliers may enter into such agreements with its licensed representative; and

(ii) An operator may enter into an agreement with a licensed service supplier that is supplying only

management or consulting services when such agreement only restricts the service supplier from supplying the same or similar services to other operators within a specified geographic area.

Discounts.

(3) Manufacturers and distributors may offer discounts of base prices that are authorized by this section when such discounts are nondiscriminatory. For purposes of this title, discounts will be deemed to be nondiscriminatory when:

- (a) Offered to all licensees on the same terms;
- (b) The scheme upon which the discount is based is in writing and submitted to the commission at least forty-eight hours prior to being offered;
- (c) The discount applies to:
 - (i) A single sales transaction; or
 - (ii) Multiple sales transactions, which are made over a period of time not to exceed one week. For purposes of this section, one week shall be defined as seven consecutive days; and
- (d) The level of a discount is based only upon any of the following criteria:
 - (i) The amount of product sold or the dollar value of the sale;
 - (ii) Whether the purchaser makes full payment in cash at time of sale;
 - (iii) Whether the purchaser makes final payment for a transaction within a predetermined time period for sales made under "trade account" terms; and
 - (iv) Any other structure or terms, subject to preapproval by the director. The manufacturer shall pay for the approval process and any additional requirements necessary to assure compliance with this section.

Limiting sales to specific market levels.

(4) A licensed manufacturer or distributor may elect to limit sales of products and services to licensees at any marketing level. For purposes of this section, marketing levels are defined as manufacturer, distributor, and operator. If a manufacturer or distributor elects to make sales to any licensee at a marketing level, sales must be made to all licensees at the same level: Provided, That if the distributor is in violation of WAC [230-12-340](#), the manufacturer shall not be required to make sales to that distributor: Provided further, That transactions between a manufacturer and distributor, when both are owned and operated by the same persons, are considered internal to that business. For purposes of this section, internal transactions are not considered sales at a different marketing level. All other restrictions of this section apply to such sales. For example:

- (a) A licensed manufacturer may elect to sell or provide products and services only to distributors; or
- (b) A licensed distributor may elect to sell or provide products and services only to operators.

Minimum purchasing requirements not allowed - exceptions.

(5) Manufacturers or distributors shall not set minimum purchase requirements for any product or service, except as authorized below:

- (a) Minimum purchase requirements are not allowed for purchases made under prepaid or cash on delivery (COD) terms: Provided, That manufacturers may establish and charge a reasonable fee for services to handle an order for products or services below a specified level, if such policy is in writing and provided to distributors prior to accepting orders;
- (b) Minimum purchase restrictions may be set for transactions between manufacturers and distributors that are conducted using trade account terms, as authorized by WAC **230-12-340**;
- (c) Discounts may be set based upon a minimum purchase amount as authorized by subsection (3) of this section; and
- (d) Minimum purchase restrictions may be placed on products being offered for a bargain or "sale" price if a bargain or "sale" price is established for any and all levels of purchases under such terms.

Sales of nongambling products and services.

(6) A manufacturer or distributor shall not grant licensees, nor shall such licensees accept, more favorable prices, credit terms, or other arrangements than those extended to nonlicensed persons purchasing identical or similar nongambling goods or services. The price of nongambling goods or services sold to licensees shall be in conformity with the open market price in the locality where sold. The terms of such sales shall not exceed those normally granted in accordance with the customary business practice of the particular trade in the locality where such sales are made.

Transactions with tribal casinos.

(7) This section shall not apply to transactions conducted with tribal governments operating class III casinos under tribal/state compacts or with management companies operating such casinos on the behalf of tribal governments.

WAC 230-12-335 Control of Gambling Equipment

Prior to selling or buying gambling equipment, a licensee shall ensure that the person receiving or selling the equipment possesses a valid gambling license.

IV. Information Specific to Distributors/Representatives

WAC 230-04-120	<u>Licensing of distributors</u>
WAC 230-12-250	<u>No division of territories allowed.</u>
WAC 230-12-335	<u>Control of gambling equipment -- Sales and purchases by and to licensees only -- Authorized transfers of gambling equipment.</u>
WAC 230-12-340	<u>Sale of gambling equipment, devices, supplies, paraphernalia, and related services -- Credit prohibited -- Exceptions.</u>
WAC 230-12-345	<u>Leases, rentals, and license agreements -- Requirements -- Restrictions.</u>
WAC 230-12-350	<u>Use of checks to purchase gambling equipment, products, and services -- Restrictions.</u>
WAC 230-20-192	Standards for disposable bingo cards
WAC 230-20-244	Electronic Bingo Card Daubers-Definition-Operating Restrictions- Standards
WAC 230-30-210	<u>Sales restrictions.</u>
WAC 230-30-220	<u>Interest in separate business involving punch boards and pull-tabs at a different marketing level prohibited.</u>
WAC 230-30-225	<u>Exception to prohibition of holding an interest in separate punch board or pull-tab businesses at different marketing levels.</u>
WAC 230-30-300	<u>Recall of defective punch boards, pull-tabs or pull-tab dispensing devices.</u>
WAC 230-08-025& 230-08-040	<u>Invoices and Credit Memos</u>

WAC 230-04-120 Licensing of distributors.

Prior to selling, renting, or otherwise supplying gambling equipment, supplies, or related paraphernalia, including service of such, to any person within the state of Washington or for use within the state of Washington, a distributor shall first obtain a license from the commission. The following requirements apply to certification and licensing of distributors:

Information required on an application.

(1) The following information shall be submitted on an application form supplied by the commission:

- (a) The full name and address of the applicant;
- (b) The business name and address of each location operated by the distributor or where records or inventory will be located;
- (c) The name, home address, and share of ownership of all owners of the business if the business is not a corporation. If the business is a corporation, the name, address, and share of ownership of the officers, the directors, and substantial interest holders;
- (d) A full description of each separate type of gambling equipment or related supplies that the distributor intends to market in this state or for use in this state;
- (e) The brand name under which each type of gambling equipment will be sold;
- (f) If the applicant does not maintain a business office within the state or is incorporated in another state or county, then the full name and business and home address of the resident agent designated by the applicant pursuant to WAC [230-12-300](#); and
- (g) A list of all manufacturers of gambling equipment and all businesses or organizations located in the state of Washington in which the applicant has any financial interest and the details of that financial interest. For the purposes of this subsection, the term financial interest shall include all arrangements through which a person directly or indirectly receives any portion of the profits of the licensed distributor and indebtedness between any other person and the applicant, other than a regulated financial institution, in excess of five thousand dollars.

Information to be included with an application.

(2) The following information shall be included as an attachment to the application form:

(a) A list of all affiliated businesses or corporations in which the applicant, officers, directors, or substantial interest holders of the applicant, either directly or indirectly, own or control:

(i) As a sole proprietor;

(ii) As a partner;

(iii) More than fifty percent of the voting stock of a privately held or closed corporation; or

(iv) At least five percent of the voting stock of a publicly traded corporation.

(b) A list of all businesses or corporations licensed to conduct business related to gambling activities in which the applicant, officers, directors, or substantial interest holders of the applicant have any interest;

(c) A list of all jurisdictions in which the applicant or any of the officers, directors, or substantial interest holders of the applicant have been licensed for gambling-related activities at any level during the preceding ten years;

(d) A statement regarding whether the applicant or officers, directors, or substantial interest holders of the applicant have ever had a license for gambling-related activities denied, revoked, or suspended by any jurisdiction for a period longer than thirty days. All details of such must be provided as a part of the application; and

(e) A statement acknowledging that all records related to the ownership or operation of the business shall be made available for review at the time and place requested by commission staff.

Additional information may be required from applicant.

(3) The following records shall also be available for inspection by commission staff:

(a) Personal financial records of all substantial interest holders;

(b) All records related to the scope of activity, including suppliers, customers, and any contracts related to sales or purchases; and

(c) Records related to any financial or management control of or by customers and suppliers.

Notifying commission staff of changes on an application.

(4) The applicant shall notify the commission within thirty days of any change in the information submitted on or with the application form, including changes that occur after the license has been issued.

Applicant to comply with all laws and rules.

(5) The applicant shall comply with all applicable laws of the United States and the state of Washington and all applicable rules of this commission

WAC 230-12-250 No division of territories allowed.

No manufacturer or distributor shall make or have an agreement or understanding with any licensee that either of them shall be restricted in the operation and carrying on of business to a specific geographic area, or areas, and such a restriction shall not be a condition of any sales between a manufacturer or distributor and any other licensee: Provided, That this shall not prevent a distributor or manufacturer from assigning sales territories among its bona fide representatives.

WAC 230-12-335 Control of gambling equipment -- Sales and purchases by and to licensees only -- Authorized transfers of gambling equipment.

It shall be the responsibility of all licensees to ensure that gambling equipment is closely controlled and possessed only by authorized persons. Gambling equipment possessed by unauthorized persons is subject to seizure and forfeiture. It shall be the responsibility of all licensees to report all

unauthorized possession of such equipment to the commission. The following restrictions and exceptions apply to the transfer of gambling equipment:

Restrictions.

(1) Prior to selling gambling equipment to or purchasing such from any person, a licensee shall ensure that the person receiving or selling the equipment possesses a valid gambling license: Provided, That Class F and house-banked card room applicants may possess gambling equipment during the precicensing process after receiving written approval from commission staff.

Authorized transfers of gambling equipment.

(2) In addition to normal business transactions between manufacturers, distributors and operators, the following transfers of gambling equipment are authorized:

(a) Gambling equipment may be transferred as a part of a sale of a business when such sale is contingent on the buyer receiving a gambling license prior to the completion of the transaction. A complete record shall be made of all gambling equipment transferred in this manner, including commission identification and inspection services stamp numbers. Such transfers, including a copy of the inventory record, shall be reported to the commission.

(b) Licensed operators or distributors whose license has been revoked, expired, or voluntarily surrendered may sell or otherwise transfer gambling equipment to a licensed manufacturer or distributor. Transfers of gambling equipment in this manner are subject to the following requirements:

(i) Such transfer shall be completed within thirty days of the date the license became invalid;

(ii) The transaction is for cash or credit against amounts owed a manufacturer by a distributor;

(iii) A complete inventory of all gambling equipment transferred in this manner, including commission identification and inspection services stamp numbers, shall be reported to the commission within ten days of the transaction by the operator or distributor selling the equipment; and

(iv) The licensed manufacturer or distributor receiving the equipment shall prepare a credit memorandum as required by WAC [230-08-025](#)(2). A copy of the inventory record and notice of sale reported to the commission shall be attached and maintained as a part of this record.

(c) A bona fide charitable or nonprofit organization may sell or otherwise transfer gambling equipment used for fund-raising events to another charitable or nonprofit organization authorized to possess such equipment. Such transfers shall be limited as set forth in WAC [230-25-110](#). A complete inventory of all gambling equipment transferred in this manner shall be reported to the commission within ten days of the transaction by the charitable or nonprofit organization selling or transferring the equipment.

WAC 230-12-340 Sale of gambling equipment, devices, supplies, paraphernalia, and related services -- Credit prohibited -- Exceptions.

The use of credit in the sale of gambling equipment, devices, related supplies or paraphernalia, and services is prohibited. Except as authorized by this section, all sales of such shall be transacted on a cash basis. The following definitions, restrictions, and procedures apply to this section:

(1) All licensed manufacturers and distributors may sell gambling equipment such as dispensers, bingo blowers, roulette wheels, etc., and gambling-related support equipment through capital lease agreements or other financing arrangements to operators subject to the following conditions and requirements:

(a) The cost of a single item, or group of similar and related items included in the sale, exceeds one thousand dollars;

(b) The term of the contract does not exceed forty-eight months;

(c) All terms of the contract are in writing and copies of such agreements are provided to the commission within thirty days of execution;

(d) The manufacturer or distributor retains only a security interest in the item sold and cannot obtain any ownership interest in the licensee, or exercise any control over the use of the item in the licensed activity;

- (e) The amount of payments is not based on the size or level of gambling activity and is determined by use of a standard amortization schedule for the term and stated interest rate;
- (f) The interest rate charged by the contract is set at the time of sale and does not vary during the term of the contract; and
- (g) The contract does not require the purchaser to directly or indirectly purchase any other products or services from the seller.

Definitions.

- (2) The following definitions only apply to subsections (3) through (9) of this section:
 - (a) **"Manufacturers and distributors"** refers only to the manufacturers and distributors of pull-tabs, punch boards, and bingo supplies.
 - (b) A **"cash basis"** means full payment is received by the seller on or before actual delivery of the product or service to the purchaser;
 - (c) A **"trade account"** is a payment system that allows distributors to place orders for inventory or services from manufacturers or distributors and to make payment for such within a specific period of time after shipment of the product or completion of the service;
 - (d) **"Prescribed time period"** is the maximum period of time a distributor has to pay for purchases of goods or services made under trade account terms prior to being restricted to cash basis terms. The time period begins when a product is shipped or service completed and ends on the date payment is actually delivered to the manufacturer or distributor, or if delivered by the U.S. mail, the U.S. postmark date of the envelope containing the payment. For purposes of this section, prescribed time period means no later than sixty days after shipment of the products or completion of the services.

Authorized transactions.

- (3) For purposes of this WAC title, the following transactions are authorized and shall not be deemed as credit or loans of money when applicable requirements are met:
 - (a) Purchases of goods and services from manufacturers or distributors when paid for by checks that meet the requirements of WAC [230-12-350](#);
 - (b) Purchases of goods or services by distributors from manufacturers or other distributors when utilizing trade account terms and the requirements of subsection (4) of this section are followed;
 - (c) Promissory notes between manufacturers and distributors for payment of debts incurred prior to the effective date of this section;
 - (d) Purchases made under capital lease agreements when the requirements of this section are followed;
 - (e) All transactions between manufacturers or distributors and tribal governments or companies certified to manage class III gambling activities operated under a tribal/state compact are exempt from all provisions of this section;
 - (f) Charitable or nonprofit organizations licensed to conduct bingo may purchase bingo cards and bingo supplies from distributors and/or manufacturers and receive such without making immediate payment if payment is made, by check or cash, no later than thirty days after delivery of the product. If the distributor or manufacturer does not receive payment within thirty days, they must immediately restrict the licensee to sales on a cash on delivery basis until payment is received. Licensees paying for bingo supplies on terms other than a cash basis must document on the purchase invoice the date paid and the check number; and
 - (g) The sales of nongambling equipment, fixtures, supplies, or commodities to licensees are exempt from all provisions of this section when the requirements of WAC [230-12-330](#) are met.

Trade account conditions.

- (4) Manufacturers and distributors may allow distributors to establish "trade accounts" to purchase gambling-related inventory or services without making immediate payment under the following conditions:

- (a) Trade account terms, if offered to any distributor, shall be made available to all distributors without discrimination: Provided, That trade accounts may be restricted to distributors that:
- (i) Meet objective credit criterion established by a manufacturer or distributor. Such criterion must be in writing, available to the commission for review, and provided to any distributor upon request. A manufacturer or distributor may include a distributor's payment history as a part of the trade account approval criterion;
 - (ii) Meet minimum purchase requirements established by the manufacturer: Provided, That the minimum purchase requirement shall not be greater than five hundred dollars per transaction;
- (b) Trade account terms shall not allow a manufacturer or distributor to gain any ownership or financial interest in a licensee. This section is not intended to prohibit or restrict a manufacturer or distributor from gaining a security interest in inventory sold for credit, as authorized by the Uniform Commercial Code: Provided, That this section shall not allow a manufacturer to obtain an interest in inventory sold by any other manufacturer under trade account terms;
- (c) A distributor shall make full payment for all goods or services purchased under trade account terms within the prescribed time period. Failure to pay within the prescribed time period may be deemed solicitation of credit by the distributor.

Procedures for past due accounts - notification and sales restrictions.

(5) When a distributor fails to pay for goods or services purchased under trade account terms within the prescribed time period, the creditor manufacturer or distributor shall comply with the procedures set forth below. Failure to comply with these procedures may result in the manufacturer or distributor being deemed to have extended credit to the distributor. The following procedures must be followed when a distributor fails to make required payments:

- (a) Notify the delinquent distributor of failure to pay by telephone no later than the end of the next business day;
- (b) Restrict sales of all goods and services to the delinquent distributor no later than the end of the third business day after the default: Provided, That sales may be made to a delinquent distributor on a cash basis only;
- (c) Notify the commission and all licensed manufacturers and distributors in writing by letter, facsimile or e-mail no later than the end of the fifth business day after default. Written notification shall include at least the following:
 - (i) The distributor's name;
 - (ii) The invoice or shipping order numbers involved in the transaction;
 - (iii) The date the item was shipped or service was provided; and
 - (iv) Any other information requested by the commission.

Cash only sales to delinquent distributors.

(6) Upon receipt of notification from the manufacturer that a distributor has a delinquent account, manufacturers and distributors shall immediately cease sales, shipments of products, and providing services to the delinquent distributor on other than a cash basis.

Notification of payment on past due accounts.

(7) **The manufacturer** shall notify the commission and all manufacturers and distributors in writing by letter, facsimile or e-mail, no later than the next business day after receiving payment from the delinquent distributor for the outstanding account. Trade account sales may then resume with all manufacturers.

(8) **The distributor** that was placed on a credit hold shall notify the commission in writing by letter, facsimile or e-mail, no later than the next business day after payment has been made to the manufacturer in which they were delinquent.

Failure to pay promissory notes.

- (9) A creditor manufacturer or distributor shall immediately notify the commission if a distributor

fails to abide by the terms of the promissory note and the process being pursued to correct the situation.

WAC 230-12-345 Leases, rentals, and license agreements -- Requirements -- Restrictions.

Manufacturers and distributors may lease or rent gambling equipment, other than punch boards, pull-tabs, bingo paper, bingo supplies, playing cards, and other consumable gambling-related equipment or devices to operators. In addition, manufacturers may enter into license agreements with operators permitting them to use their patented, copyrighted, or trademarked card games. All operating leases, rentals, or license agreements must be transacted on a cash basis only, except as provided in subsection (2) of this section. The following requirements and procedures shall apply:

(1) For purposes of this section, lease, rental, or license fees must be received by the manufacturer or distributor in advance of the period in which the equipment, device, or card game is to be used. Agreements shall be constructed so that regularly scheduled payments comply with this condition: Provided, That fees from electronic bingo equipment may be based on the amount of usage a device receives, as outlined in subsection (2) of this section.

(2) Fee structures for electronic bingo equipment may be based on usage, under the following circumstances:

(a) Fees may be determined by the number of times a device is used or the number of bingo sessions in which devices are utilized;

(b) Fees may not be determined by a percentage of sales, the number of bingo cards sold through the device, or the average amount a player spends on a device;

(c) Fees must be billed at least every thirty days and invoices must be dated within fifteen days from the end of each thirty-day period; and

(d) Fees must be received by the manufacturer or distributor within thirty days of the invoice date.

(3) When an operator fails to pay regularly scheduled payments in accordance with subsection (1) or (2) of this section, the following procedures shall apply:

(a) If payment is not received within ten days of the payment due date, the manufacturer or distributor shall notify the delinquent operator and the commission by the end of the next business day. The following information shall be reported:

(i) Operator's name;

(ii) Delinquent amount and due date; and

(iii) Any relevant information about the account if it is delinquent.

(b) If payment is not received within twenty days, the manufacturer shall notify the operator that it must cease using or operating the equipment, device, or card game immediately.

(c) If payment is still not received within thirty days, the manufacturer or distributor shall remove any equipment, device, or card game materials provided under the agreement from the licensed premises within five days. The commission shall be notified of the date and time removal is to occur.

(d) When a manufacturer or distributor receives an operator's delinquent payment, it shall notify the commission by the end of the next business day.

(4) Any freight, delivery, installation, or other set up fees must be paid within thirty days of the delivery date.

(5) Operators that fail to pay for lease, rental, or license fees by the date due may be deemed to have solicited credit.

(6) Manufacturers or distributors that fail to comply with the procedures noted above may be deemed to have extended credit.

(7) All capital leases for the sale of gambling equipment shall comply with WAC [230-12-340](#).

WAC 230-12-350 Use of checks to purchase gambling equipment, products, and services -- Restrictions.

Checks may be used by licensed operators and distributors to purchase gambling equipment, devices, related supplies or paraphernalia, and services in lieu of cash under the following conditions:

What are the restrictions on checks utilized for payment of gambling products or services?

(1) Checks must be drawn on the licensee's business account: Provided, That personal checks drawn on the account of an owner, partner, or officer or substantial interest holder of a corporate licensee may be accepted.

(2) Checks received by distributors from operators must be negotiable and dated on or before the delivery date of the product or service. Checks shall not be postdated.

When must a check be deposited?

(3) Checks shall not be held and must be presented for payment at the manufacturer's or distributor's bank within the prescribed time frames. Failure to present checks within the prescribed time period shall be prima facie evidence of extension of credit to the drawer licensee by the manufacturer or distributor. Prescribed time frames are as follows:

(a) Checks received from operators shall be deposited within ten calendar days after the date the product or service was delivered; and

(b) Checks received from distributors shall be deposited within ten days of the date received or, if delivered by mail, thirteen days from the postmark of the envelope containing the payment.

What are the procedures for handling a dishonored check presented to a distributor by an operator?

(4) Checks from licensed operators that are initially returned by a bank for lack of sufficient funds may be deposited again if within five banking days after return by the bank. If dishonored by the bank a second time, the distributor shall:

(a) Deliver dishonored checks to an owner, manager, or officer of the licensee within seven banking days after return from the bank and demand payment in cash. If unable to deliver such checks to an owner, manager, or officer of the licensee within seven days, the distributor shall notify the commission; and

(b) Upon being presented with a check returned by the bank, licensees shall immediately replace such check with cash or a cash equivalent such as a money order, certified check, or other guaranteed negotiable instrument; or

(c) Failure of an operator to replace a check returned by a distributor with cash or a cash equivalent shall be prima facie evidence of solicitation of credit and must be reported to the commission by the distributor within seven days.

What are the procedures for handling a dishonored check presented to a manufacturer or distributor by a distributor?

(5) Checks from distributors that are initially returned by a bank for lack of sufficient funds shall be processed by manufacturers or distributors using the following procedures:

(a) Checks received for payment for a prepaid or COD transaction may be deposited again if within five banking days after return by the bank. If dishonored by the bank a second time, the manufacturer or distributor shall:

(i) Contact an owner, manager, or officer of the distributor within seven banking days by telephone or facsimile and demand payment by a certified check, postal money order, or other cash equivalent. If unable to contact an owner, manager, or officer within seven days, the manufacturer shall notify the commission;

(ii) Upon receipt of a cash equivalent to replace the dishonored check, the manufacturer or distributor shall return the check to the distributor by mail;

(iii) If a distributor that is presented a dishonored check does not immediately replace such check, the manufacturer or distributor shall cease all sales to the distributor and notify the commission within seven days. Failure to replace a dishonored check with cash or cash equivalent shall be prima facie evidence of solicitation of credit by the distributor.

(b) If payment is for a transaction completed with trade account terms, the manufacturer:

(i) May deposit the check again if the prescribed time period for payment has not passed; or

- (ii) May contact an owner, manager, or officer of the distributor by telephone or facsimile and demand payment by a cash equivalent such as a certified check or postal money order;
- (iii) If the bank clears the check or payment is otherwise received prior to the prescribed time period for payment, no further action is required; and
- (iv) If the prescribed time period for payment has passed and the dishonored check is not replaced prior to such, the manufacturer shall comply with the procedures set forth in WAC [230-12-340](#) for failure to make timely payment under trade account terms.

WAC 230-20-192 Standards for disposable bingo cards -- Requirements and definitions.

Disposable bingo cards sold for use in the state of Washington shall be manufactured and controlled using processes and procedures that ensure integrity of the activity and facilitates regulation by the commission.

Requirements for manufacturers of disposable bingo cards.

(1) Manufacturers shall establish quality control procedures necessary to ensure manufacturing processes, including collating of cards into packs or packets, meet the requirements of this section. Quality control procedures shall be documented and provided to commission staff upon request.

Definitions.

- (2) For purposes of this title, the following definitions apply:
 - (a) "Card" or "face" means a unique group and configuration of numbers or symbols imprinted on paper, cardboard, or other materials, and designed to be used to conduct bingo games;
 - (b) "Card number" means the number assigned by the manufacturer to identify a single card or face. A "card number" may also be referred to as a "face" or "perm" number;
 - (c) "Collate" means the process of cutting and/or assembling master sheets or pre-cut sheets of cards from one or more sets of cards into packets or books for marketing purposes. "Collate" may also be referred to as "finish" or "finishing";
 - (d) "Collation" means a group of packets or books of cards assembled from more than one set of cards;
 - (e) "Consecutively numbered" means a numbering system normally beginning with the number one, increased by one for each individual unit added to the group, and ending with a number identical to the total number of units assigned to that group;
 - (f) "Cut" means the layout or orientation of cards or sheets of cards subdivided from a master sheet of cards or faces. A "cut" will be either square, horizontal, or vertical;
 - (g) "Disposable bingo card" means a nonreusable paper bingo card manufactured by a licensed manufacturer;
 - (h) "Duplicate cards" means two or more cards that are imprinted with the same numbers or symbols, regardless of the configuration or location of such numbers or symbols on the card;
 - (i) "On" means the number of cards or faces imprinted on a sheet or "cut." The term is normally preceded by the number of cards;
 - (j) "Pack" or "packet" means a group of cards or sheets of cards collated into a book when each page or sheet in the book is intended for use to play a separate bingo game, including "on-the-way" games, within a session;
 - (k) "Product line" means a specific type of card, identifiable by features or characteristics

that are unique when compared to other types of cards marketed by the manufacturer. A "product line" includes all series and all cards within each series as identified by the manufacturer;

(l) "Serial number" means a number assigned to a set of cards by a manufacturer for identification and tracking purposes when the same number is not used to identify another set of cards from the same product line, color, border pattern, and series in less than 999,999 occurrences or twelve months, whichever occurs first: Provided, That if the product line is used as a determining factor for assignment of a serial number, the difference between various product lines must be readily identifiable by observation;

(m) "Series" of cards means a specific group of cards or faces that have been assigned consecutive card or face numbers by a manufacturer. Series are typically identified by the first and last card number in the group of cards, such as "1 to 9000 series";

(n) "Set" of cards means a specific group of cards from the same product line, which are the same color, border pattern, and imprinted with the same serial number. A "set" of cards may include more than one series of cards or faces;

(o) "Sheet number" means the number assigned by the manufacturer to identify an arrangement of more than one card that results from dividing master sheets of cards to facilitate marketing;

(p) "Skip" means the standard spread or difference between card or sheet numbers at different page levels in packs or packets;

(q) "Subset" means a portion of a set of cards or collation of packets that has been divided by a licensed distributor to facilitate marketing; and

(r) "Up" means the number of pages or sheets collated into each packet or book of cards. The term is normally preceded by the number of pages or sheets.

Duplicate disposable bingo cards.

(3) Each card or face in a particular type or product line must be imprinted with a unique set of numbers or symbols and configuration of numbers or symbols. Duplicate cards within a specific product line are prohibited. Manufacturers of disposable bingo cards are responsible for ensuring that there are no duplicate cards in a set or collation of cards sold to distributors or operators: Provided, That duplicate cards can be collated into packets if they are located at different page levels in the packets and intended only for use during separate games, including "on-the-way" games, within a session. If a manufacturer discovers a duplicate card error or is notified of such by the commission staff or a licensee, it shall immediately comply with the following steps:

(a) Stop marketing the product line containing duplicate cards in Washington;

(b) Recall all sets of cards and/or collations of packets or books containing duplicate cards at the same page level;

(c) Take steps to correct manufacturing or collating processes necessary to ensure duplicate cards are not sold to operators, and inform the commission in writing regarding steps taken;

(d) Reimburse all operators who submit a claim for prizes paid as a result of selling sets or collations containing duplicate cards when such claim has been validated by commission staff; and

(e) Reimburse the commission for all cost incurred investigating duplicate card complaints that result in findings that the error was caused by manufacturers.

Collating disposable bingo cards.

- (4) Packets of cards must be collated so that each page of the packet:
 - (a) Is from a different set of cards;
 - (b) Has skips that are consistent throughout the entire collation and contains cards that are different when compared to other cards or faces in the pack or packet; and
 - (c) Has a different color or border pattern.

Audit system to identify each set of disposable bingo cards.

(5) Each set must include an audit system that allows identification of that specific set and each specific card within that set, allows tracking of the transfer of cards from the point of manufacture to operators, and facilitates sale by the operator to the player: Provided, That audit systems that accomplish regulatory requirements using alternative controls may be approved by the commission staff. The audit system shall meet the following requirements:

- (a) Each set of cards manufactured as a specific product line, using the same color and border pattern, will be assigned a unique serial number by the manufacturer. The serial number must be imprinted on each card or face;
- (b) Each card or face must be identified by a card number imprinted on the face of the card: Provided, That cards used in "player selection" games, authorized by WAC [230-20-241](#) and "keno bingo" games, authorized by WAC [230-20-247](#), are exempted from this requirement; and
- (c) Each sheet of cards within a set must be consecutively numbered: Provided, That sheets of cards do not have to be numbered if alternative audit controls are available and disclosed to the operator.

Sale of disposable bingo cards.

(6) Each set of cards or collation of packets of cards shall be sold intact as a single unit: Provided, That for ease of marketing to Class E and below operators and to operators of authorized unlicensed activities, distributors may divide sets or collations as authorized below:

- (a) Cartons or packages assembled by manufacturers can not be opened prior to sale to an operator, except that distributors may open cartons or packages as authorized below:
 - (i) At an operator's request to change the "on," "up," and "cut." When such modification is made, the distributor shall be responsible for resealing the carton and noting all changes on the packing label;
 - (ii) To provide cards to Class A or B bingo games and for unlicensed activities authorized by RCW [9.46.0321](#) or [9.46.0356](#);
 - (iii) To provide cards to individuals for recreational activities; and
 - (iv) To provide cards to businesses for use in promotional contests of chance as authorized by RCW [9.46.0356](#).
- (b) Subsets must contain at least one carton or package: Provided, That cartons or packages may be broken and cards sold in smaller quantities under conditions described in subsection (6)(a)(i) and (ii) of this section; and
- (c) Subsets of cards used for "hidden face" bingo games must contain at least one thousand cards or sheets of cards.

"Hidden face" disposable bingo cards.

(7) In addition to the requirements of subsections (1) through (6) of this section, cards sold to operators for use in the operation of "hidden face" bingo games, authorized by WAC [230-20-243](#), must meet the following requirements:

(a) Each card or sheet of cards must be printed, folded, and sealed in a manner that prohibits determination of numbers or symbols, configurations of such on the card, or the card number prior to opening by the player;

(b) Each card or sheet of cards must have a separate numbering system that is randomly distributed when compared to the card number imprinted in the "free" space. Manufacturers must utilize procedures that mix cards or sheets of cards in a manner that ensures no consistent relationship exists between the "card numbers" and separate numbering system within a set or subset and that there are no patterns or consistent relationships of the location of a specific card number between subsets from different sets;

(c) The serial number and the additional card or sheet number, required by (b) of this subsection, must be imprinted on the outside of the cards or sheets of cards and visible for recording without opening the card or sheet of cards; and

(d) Each set of cards must contain at least six thousand unique faces or patterns of numbers or symbols.

"Player selection" disposable bingo cards.

(8) In addition to the requirements of subsections (1) through (6) of this section, cards sold to operators for use in "player selection" bingo games, authorized by WAC [230-20-241](#), must be printed on two-part, self-duplicating paper that provides an original and duplicate copy.

Packing slip requirements.

(9) A packing record must be completed for each set of cards or collation of packets and either enclosed inside or in an envelope attached to the carton or package. If the marketing unit contains more than one carton or package, the packing record must be located on carton or package number one. The packing record must include at least the following:

(a) Name of manufacturer;

(b) Description of product, including the "series," "on," "cut," and "up";

(c) Records entry labels that match the identification and inspection services stamp attached to the packing label on the outside of the carton or package;

(d) Serial number or, if packets, serial number of the top page;

(e) Color and border pattern or, if packets, colors and border patterns of all sets and the sequence they are collated in the packet; and

(f) A record of any missing cards, sheets of cards, or packets.

Labeling requirements.

(10) Each separate packing or marketing unit containing a set of cards or collation of packets of cards must be identified in a manner that allows determination of the contents without opening the package. If the marketing unit contains more than one case or carton, each unit shall be labeled and numbered. Minimum information to be disclosed on each carton or package:

(a) The identification and inspection services stamp number;

(b) Serial number or, if packets, serial number of the top page;

(c) Color and border pattern or, if packets, color and border pattern of the top page; and

(d) Number of the carton and the total number of cartons included in the marketing unit.

Quality control.

(11) Sets of cards, collations of packets, or any other marketing units established by a manufacturer shall be complete and contain the correct number of cards or packets and the

specific cards or packets noted on the packing slip: Provided, That up to one percent of the cards in the set may be missing if all missing cards, sheets, or packets are documented on the packing record enclosed in carton or package number one of the marketing unit.

Winning card verification system.

(12) To provide the commission and operators the ability to verify the authenticity of winning cards, each manufacturer shall prepare and make available a master verification system for each type or product line of cards it manufactures. This master verification system shall provide a facsimile of each card within a set of cards by the card number. The master verification system shall display the exact numbers or symbols and the location or configuration of numbers or symbols on the card.

WAC 230-20-244 Electronic bingo card daubers -- Definition -- Operating restrictions - Standards.

The commission deems that any device, apparatus, or scheme that allows a player in any gambling activity a material advantage over other players is against public policy and restriction of such is in the public's interest. Electronic bingo card marking devices or daubers are deemed to provide a player a material advantage unless operated in accordance with subsection (2) of this section. For purposes of this title, the following definitions, restrictions, and standards apply to such devices:

Definition.

(1) Electronic bingo card daubers are defined as electronic appliances used by players to identify bingo cards that contain numbers or symbols input by a player. These devices electronically store preprinted bingo cards purchased by a player, provide a means for players to input numbers or symbols called by the operator, compare the numbers or symbols input by the player to bingo cards previously stored in an electronic data base, and identify to the player those stored bingo cards that contain the numbers or symbols input by the player: Provided, That player-owned devices, which are not directly interfaced with or connected to equipment used to conduct bingo games or the electronic data base in which electronically generated bingo cards are stored in any manner, are not "electronic bingo card daubers" for purposes of this title;

Operating restrictions.

(2) Electronic bingo card daubers will not be deemed to provide players a material advantage and may be used by players in bingo games when operated in the following manner:

Player responsibilities.

(a) The player must perform at least the following functions:

(i) Input each number or symbol called by the operator into the memory of the dauber unit by use of a separate input function for each number symbol. Automatic or global marking of numbers or symbols is prohibited;

(ii) Notify the operator when a winning pattern or "bingo" occurs by means that do not

utilize the dauber unit or the associated system; and

(iii) Identify the winning card and display the card to the operator;

Maximum number of cards to be played during each game.

(b) Each electronic dauber unit shall not allow a player to play more than sixty-six cards at one time.

(c) Each player shall not use more than one electronic dauber at any point in time.

Provided, That a player can play an unlimited amount of disposable or hard bingo cards in addition to using one electronic dauber unit.

Reserving electronic bingo card daubers.

(d) Operators shall not reserve electronic daubers for any player. An operator must devise and disclose to players a scheme for assignment of dauber units to players during each session. Such schemes shall allow all players an equal opportunity to utilize the available dauber units. If a drawing is used to assign dauber units to players, the operator shall ensure that each player participating in the drawing has an equal chance to win: Provided, That operators that offer electronic dauber units shall reserve at least one device for players with disabilities that would restrict their ability to mark cards and such disabilities are consistent with definitions set forth in the Americans with Disabilities Act (ADA). If there are no requests for use of this unit prior to fifteen minutes before the scheduled start of the session, it may be made available for use by any players;

Fees.

(e) If operators charge players a fee for use of the electronic daubers, such fees must be a flat fee and shall not be based on the number or dollar value of cards purchased. Rental fees shall be considered bingo receipts for purposes of WAC [230-12-020](#): Provided, That players with disabilities that would restrict their ability to mark cards and such disabilities are consistent with the ADA shall not be required to pay a rental fee or to comply with minimum purchase requirements imposed on all players utilizing electronic daubers. Such players are required to comply with any minimum purchase requirement imposed on all players by an operator;

Card requirements.

(f) Each player utilizing an electronic dauber must have in their possession cards that meet all requirements of WAC [230-20-240](#) and [230-20-106](#). Electronic images of cards or faces stored in such devices are for player convenience only and are not bingo cards for purposes of this title;

Leasing by an operator.

(g) If the electronic daubers are leased to an operator, the lease cannot be based in whole or part on the amount of bingo card sales or rental income derived from such devices; and

Discounts and marketing schemes.

(h) The use of electronic daubers is prohibited when a licensee utilizes any marketing scheme for cards that results in a decrease in the per unit price of each card as the number of cards purchased increases: Provided, That a single discount level is authorized for each type of card sold if:

- (i) The licensee has a minimum purchase requirement;
- (ii) The discount applies to all additional cards purchased; and
- (iii) "All you can play" schemes are prohibited;

Standards.

(3) Electronic bingo card daubers must meet the following standards:

- (a) Be manufactured by licensed manufacturers;
- (b) Be sold, leased, and serviced by licensed distributors or manufacturers: Provided, That operators may perform routine maintenance on devices under their control;
- (c) Not be capable of accessing the electronic computer system in any manner that would allow modification of the program which operates and controls the dauber units or the cards stored in the electronic data base; and
- (d) Be capable of complying with applicable requirements of WAC [230-20-106](#).

WAC 230-30-210 Sales restrictions.

(1) No manufacturer, distributor or distributor's representative, shall sell or otherwise make available to any person any punch boards, pull-tabs, pull-tab dispensing devices or related equipment in this state unless it has first determined that such person has a valid license issued by the commission to sell or otherwise distribute such equipment within this state, or to operate such activity on a particular premise within this state.

(2) No operator, distributor or distributor's representative, shall purchase or otherwise obtain from any person any punch board, pull-tab, device for the dispensing of pull-tabs or related equipment in this state until it has first determined that the person selling or otherwise offering such equipment has a valid license issued by the commission to sell the equipment in this state or has been registered with the commission as required.

(3) No operator shall put out for play and no distributor shall sell or otherwise furnish, any punch board or series of pull-tabs unless the manufacturer of punch boards or series of pull-tabs has been licensed by the commission.

(4) No manufacturer or distributor or representative thereof shall use as a sales promotion any statement, demonstration, or implication that any certain portion of a series of pull-tabs contains more winners than other portions of the series or that any series of pull-tabs may be sold by the operator in a particular manner that would give the operator any advantage in selling more of the pull-tabs before having to pay out winners.

(5) Manufacturers shall not offer for sale in Washington any punch board or pull-tab series in which the winning punches or pull-tabs are not randomly distributed and mixed among all other punches or pull-tabs in that board or series.

(6) This rule shall not prohibit licensed distributors from selling to Indian tribes operating Class II activities which are legal under federal law.

WAC 230-30-220 Interest in separate business involving punch boards and pull-tabs at a different marketing level prohibited.

No manufacturer, distributor or operator of punch boards, pull-tabs, pull-tab dispensing devices or related equipment shall:

- (1) Have any interest, directly or indirectly, in any other of these businesses operating in whole or in part at a different marketing level;
- (2) Allow any of its officers, or any other person with a substantial interest in such business, to have any interest in any other of these businesses operating in whole or in part at a different marketing level;
- (3) Shall employ any person in any capacity or allow any person to represent the business in any way if such person is also employed by, or represents any other of these businesses operating in whole or in part at a different marketing level;
- (4) Shall allow any other of these businesses operating in whole or in part at a different marketing level, or any person with a substantial interest therein to have any interest directly or indirectly, in it;
- (5) Have any interest, directly or indirectly, in any business of any kind in which any other of these businesses operating in whole or in part at a different marketing level, or any person having a substantial interest therein, also has a substantial interest;
- (6) Allow any other business of any kind in which any other of these businesses, or any person having a substantial interest therein, to have any interest, directly or indirectly, in it;
- (7) For the purposes of this rule, the different marketing levels shall be:
 - (a) Operator;
 - (b) Distributor;
 - (c) Manufacturer;
- (8) This rule shall not prohibit the same person licensed and operating as a manufacturer from being also licensed and operating as a distributor.

WAC 230-30-225 Exception to prohibition of holding an interest in separate punch board or pull-tab businesses at different marketing levels.

- (1) Except as otherwise provided in WAC [230-30-220](#), the spouse of an individual who is a holder of a substantial interest in a business involved in punch boards or pull-tabs may not be considered a substantial interest holder in such business if, after considering the entire circumstances surrounding the relationship and business, the director finds the potential for involvement or influence in the business by the spouse is not material. A spouse may be required to submit one or more of the following documents to the director for determining whether involvement or influence is material:
 - (a) Community or marital property agreements;
 - (b) Separate property agreements;
 - (c) Prenuptial agreements; or
 - (d) Wills and codicils.
- (2) When spouses are involved in both the operation of and/or the supply of punch boards and pull-tabs, the director may impose additional requirements on either licensee, including, but not limited to, prohibiting a manufacturer or distributor from making sales or providing services to an operator.

WAC 230-30-300 Recall of defective punch boards, pull-tabs or pull-tab dispensing devices.

- (1) Upon a determination that punch boards, pull-tabs or pull-tab dispensing devices for sale in Washington do not meet commission standards, the director may order all defective products and all similarly constructed or printed products be recalled by the manufacturer(s).
- (2) If the director orders such a recall, the manufacturer of the product shall be immediately notified regarding the items to be recalled, reason for the recall, effective date of the recall, and any other specific requirements. Verbal notification shall be followed by written notification. Immediately upon oral notification, manufacturers shall cease shipping affected product in the state and initiate actions to ensure complete compliance with the recall. Manufacturers shall notify all distributors within

seventy-two hours of the items recalled, effective date of recall, and arrange for the prompt return of the defective items.

(3) Distributors, once notified of the recall by either the manufacturer or the commission, shall immediately stop sales and/or delivery of the product. The commission shall notify, in writing, each licensed distributor of gambling paraphernalia of the recall, effective dates thereof, the products involved, and of any special instructions if applicable.

(4) The commission shall notify, in writing, each licensed operator who has received the product as to the items recalled, effective date and special instructions, if applicable. Operators shall not utilize any defective punch boards, pull-tabs or pull-tab dispensing devices after receiving written notification from the commission.

(5) Prior to any reintroduction in the state of any recalled or similar item, the manufacturer must first submit the revised or reworked item to commission staff for review, evaluation and approval. The manufacturer will be notified in writing, of the approval or disapproval. A copy of the approving letter shall be sent by the manufacturer to the distributor with the next five shipments of the reworked item.

(6) Manufacturers shall reimburse distributors the actual cost paid by the distributor for each punch board, pull-tab series or pull-tab dispensing device recalled by order of the director. Manufacturers of recalled punch boards, pull-tab series or pull-tab dispensing devices shall compensate distributors for time and expenses incurred during a recall. Such compensation shall not exceed fifty cents per punch board or pull-tab series actually returned by the distributor to the manufacturer or twenty-five dollars per pull-tab dispensing device.

230-08-025 Invoices and Credit Memos

230-08-040

The transfer of gambling equipment must be documented on an invoice or credit memo.

When licensed operators purchase any goods or services (punchboards, pull tabs, dispensing devices, merchandise prizes, or repair services) from a licensed distributor, one copy of an invoice will be issued and will contain at least the following information:

- Date of sale. If the delivery date is different, both dates must be included on the invoice. It is recommended that licensees verify the dates are correct when the product is delivered.
- Operator's name and adequate address (at least city).
- Full description of items sold including trade name, type of device, form number, tab count, and the WSGC ID Stamp number.
- Quantity and price of each individual item.
- Gross amount of each sale, including discount terms and the total dollar amount of any discount.
- Credit memos for returned items shall be prepared in the same detail as listed above.

If an operator purchases merchandise for prizes from someone other than a licensed distributor, the following information must appear on the receipt from the seller:

- Date of purchase.
- Company's name and adequate business address.
- Full description of each item purchased (include model/serial #).
- Quantity of items purchased.
- Cost per individual item.

V. Information Specific to Linked Bingo Providers

WAC 230-04-126 Licensing of linked bingo prize providers

WAC 230-04-126 Licensing of linked bingo prize providers.

Prior to providing any type of gambling related service, gambling related equipment, or gambling related supplies to any licensed bingo operator, a linked bingo prize provider shall first obtain a license from the commission. The following requirements and restrictions apply to licensing of linked bingo prize providers:

(1) For purposes of this title, a license is required to manage a linked bingo prize or provide bingo game operators with the equipment and supplies to offer linked bingo prize games to their customers;

(2) The applicant shall include upon the application form supplied by the commission, sufficient information to determine the types of services and equipment provided, personal and financial information to determine applicant identity and qualifications, evidence of the obtainment of a bond to cover all linked bingo prize jackpots, as well as all other information and materials required elsewhere in these rules;

(3) The applicant shall comply with all applicable laws of the United States, the state of Washington, and all applicable rules of the Washington state gambling commission; and

(4) If the applicant does not maintain a business office within the state or is incorporated in another state or country, then the applicant must disclose the full name and business and home address of the resident agent designated by the applicant pursuant to WAC [230-12-300](#).

Insert invoice example and merchandise board calculator